

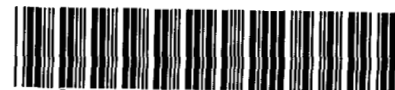
**GALLAGHER & KENNEDY**

P.A.

ATTORNEYS AT LAW

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2006 MAY -8 P 3: 28

AZ CORP COMMISSION  
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May 8, 2006

**HAND DELIVERED**

Docket Control  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

Re: *Direct Testimonies of Rick L. Moore and James G. Harralson; AT&T Notice of Intent or, Alternatively, for a Limited Waiver; Docket Nos. T-02428A-06-0203, T-03016A-06-0203, T-03116A-06-0203, T-03287A-06-0203 and T-03346A-06-0203*

Dear Sir/Madam:

Enclosed are the original and 23 copies of the direct testimony of Rick L. Moore on behalf of AT&T Inc. and James G. Harralson on behalf of BellSouth Corporation in the above-entitled matter. Your assistance in relation to this matter is appreciated.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

By:

Michael M. Grant

MMG/plp  
17840-3/1362214

Enclosures

**Original and 23 copies** filed with Docket  
Control this 8<sup>th</sup> day of May, 2006.

May 8, 2006

Page 2

cc (w/enclosures):   Maureen Scott, Legal Division (delivered)  
                              Elijah Abinah, Assistant Director, Utilities Division (delivered)  
                              John Gibson  
                              Daniel Foley  
                              Theodore A. Livingston  
                              James G. Harralson  
                              Harris R. Anthony  
                              Stephen L. Earnest  
                              Peter Shields  
                              J. Scott Rhodes

**DIRECT TESTIMONY OF RICK L. MOORE**

**Managing Director, Corporate Development  
AT&T Inc.**

**May 8, 2006**

**DIRECT TESTIMONY OF RICK L. MOORE**  
**on Behalf of AT&T Inc.**

1  
2  
3 **Q. PLEASE STATE YOUR NAME AND TITLE.**

4 A. My name is Rick L. Moore. I am Managing Director of Corporate Development  
5 for AT&T.<sup>1</sup>

6 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND,**  
7 **WORK EXPERIENCE AND CURRENT JOB RESPONSIBILITIES.**

8 A. I hold a Bachelor of Science degree in Economics from Southwest Missouri State  
9 University. I joined AT&T Inc. ("AT&T")—which was then known as  
10 Southwestern Bell Telephone Company—in 1976 and I held various sales,  
11 product marketing and product management positions before moving to strategic  
12 development matters in 1984. For more than twenty years, I have been involved  
13 in strategy development and I have been responsible for the analysis, negotiation  
14 and execution of dozens of transactions on behalf of AT&T Inc. and its affiliates.  
15 Today, I am responsible for certain of AT&T's mergers and acquisitions  
16 activities. For example, I was directly involved in the evaluation of strategic  
17 options in connection with AT&T's (then known as SBC Communications Inc.)  
18 decision to acquire AT&T Corp. and I testified before this Commission on that  
19 merger, which the Commission approved in November of last year. I have been  
20 involved directly in AT&T's decision to merge with BellSouth Corporation  
21 ("BellSouth").

---

<sup>1</sup> See investor disclosure statement attached as Exhibit A.

1    **Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2    A.    The purpose of this testimony is to support the Notice of Intent or, alternatively,  
3           Request for Limited Waiver filed on March 31, 2006 by AT&T (the "Notice")  
4           with respect to its planned merger with BellSouth.

5    **Q.    PLEASE DESCRIBE THE PARTIES TO THE MERGER TRANSACTION**  
6           **AND THEIR ARIZONA OPERATING SUBSIDIARIES.**

7    A.    AT&T Inc. is a Delaware corporation with its principal place of business in  
8           San Antonio, Texas. It is the holding company parent, through intermediate  
9           subsidiaries, of three Class A Arizona subsidiaries and one non-Class A Arizona  
10          subsidiary. SBC Long Distance, LLC d/b/a SBC Long Distance/AT&T Long  
11          Distance is a Class A utility. SNET America, Inc. d/b/a SBC Long Distance  
12          East/AT&T Long Distance East is not a Class A utility. Both are authorized to  
13          provide competitive, local exchange, inter-exchange, competitive  
14          interLATA/intraLATA and in-state toll services. The other two Class A utilities  
15          are AT&T Communications of the Mountain States, Inc. and TCG Phoenix. They  
16          are authorized to provide competitive local exchange, intraLATA toll,  
17          inter-exchange and intraLATA services in Arizona. I'll refer to all four  
18          companies collectively as the Arizona Operating Subsidiaries.

19          BellSouth is a Georgia corporation and is the holding company parent of  
20          BellSouth Long Distance, Inc. ("BSLD"). Mr. Harralson provides further  
21          information on BellSouth and BSLD. But, it's my understanding that BSLD  
22          provides only a small amount of resold long distance in Arizona and is a Class C

1 utility. I also understand that BSLD does not have any facilities, switches, assets  
2 or employees in Arizona.

3 **Q. HOW WILL THE MERGER BE ACCOMPLISHED?**

4 A. The Agreement between AT&T and BellSouth is very similar in overall structure  
5 to last year's merger transaction between SBC and AT&T Corporation.  
6 BellSouth will be merged into an AT&T subsidiary that has been created for the  
7 purpose of facilitating the Merger. BellSouth will be the surviving entity of that  
8 merger for all legal purposes, and will become a wholly-owned subsidiary of  
9 AT&T Inc. BellSouth shareholders will receive 1.325 shares of AT&T stock for  
10 each share they own. Upon completion, former BellSouth shareholders will hold  
11 about 38% of AT&T's outstanding shares. Attached to my testimony as  
12 Exhibit B is a two-page exhibit which shows pre- and post-transaction  
13 Organizational Charts.

14 **Q. WILL THE CLOSING OF THE MERGER RESULT IN ANY CHANGE**  
15 **FOR THE ARIZONA OPERATING SUBSIDIARIES?**

16 A. No. The Merger transaction will not change either the ownership or control of  
17 any of the Arizona Operating Subsidiaries. The closing of the Merger will not  
18 change the current rates, terms and conditions of service of any of the Arizona  
19 Operating Subsidiaries. All will continue to exist in their current form and the  
20 Commission will retain the same regulatory authority that it possesses today over  
21 the Arizona Operating Subsidiaries.

1   **Q.   MR. MOORE, THE COMMISSION APPROVED THE MERGER OF SBC**  
2   **AND AT&T CORPORATION IN DECISION NO. 68269 DATED**  
3   **NOVEMBER 8, 2005 (THE "DECISION"). WILL THE AT&T/**  
4   **BELLSOUTH MERGER AFFECT ANY OF THE TERMS AND**  
5   **CONDITIONS OF THAT DECISION?**

6   **A.   No.** All conditions of the Decision will remain in full force and effect. AT&T  
7       will continue to comply with the notice, reporting and residential arbitration  
8       provisions of the Decision. With regard to the arbitration provisions, AT&T  
9       Senior Vice President and Associate General Counsel Wayne Watts recently  
10      wrote a letter to the Commissioners confirming AT&T's commitment to those  
11      provisions. I've attached a copy of that letter as Exhibit C to my testimony.

12   **Q.   IN RELATION TO THE ARIZONA OPERATING SUBSIDIARIES, WILL**  
13   **THE MERGER IMPAIR ANY OF THEIR FINANCIAL STATUS,**  
14   **PREVENT THEM FROM ATTRACTING CAPITAL AT FAIR AND**  
15   **REASONABLE TERMS OR IMPAIR THEIR ABILITY TO PROVIDE**  
16   **SAFE, REASONABLE AND ADEQUATE SERVICE?**

17   **A.   No.** AT&T, of course, has considerable financial strength to support these  
18      operations. Its 2005 reported revenues were almost \$44 billion.<sup>2</sup> As discussed in  
19      Mr. Harralson's testimony, BellSouth is also an A-rated utility and brings  
20      additional financial strength and revenues to the combined organization. The  
21      merged companies will have an improved financial status and continued access to  
22      capital at favorable rates, which will enhance our ability to continue to provide  
23      safe, reasonable and adequate service.

---

<sup>2</sup> AT&T Inc.'s 2005 revenues include only a month-and-a-half of AT&T Corp. revenue following the November 18, 2005 close of the merger between SBC and AT&T Corp. Combined revenues would have been almost \$68 billion had the companies been combined for the full year. 2005 revenues also exclude over \$34 billion in revenues from Cingular Wireless.

1 **Q. WILL THE MERGER NEGATIVELY AFFECT COMPETITION IN**  
2 **ARIZONA IN ANY MARKET SEGMENT?**

3 A. No. For all intents and purposes, BSLD has a de minimis presence in Arizona  
4 today and has never had more than such a presence. It has no Arizona employees,  
5 facilities or local exchange customers. Thus, the Merger will result in no  
6 reduction in competition in Arizona.

7 **Q. WILL THE MERGER HAVE POSITIVE BENEFITS FOR ARIZONA?**

8 A. Although BSLD has a de minimis presence in the state and the Arizona Operating  
9 Subsidiaries are unaffected by the Merger, there are merger benefits in this state.  
10 For example, the Commission has stated that it believes a residential customer  
11 arbitration program is in the public interest (Decision, Finding 52 and Ordering  
12 Paragraphs at p. 17, ll. 4-17). Upon consummation of the proposed Merger,  
13 Cingular will become a "controlled affiliate" of AT&T and, therefore, its Arizona  
14 residential wireless customers will be able to participate in that program. Further,  
15 in Finding 54 of the Decision last year, the Commission identified potential  
16 Arizona benefits of the SBC/AT&T merger, including a stronger competitor than  
17 either company standing alone and technological advances made possible sooner  
18 to Arizona customers. We firmly believe that the addition of BellSouth's  
19 financial strength as well as its nine-state customer base will further enhance and  
20 strengthen these and other identified benefits. In that regard, we identified several  
21 benefits of the Merger at paragraphs 17-20 of the Notice which we believe serve  
22 the public interest. To summarize, those include better positioning the merged  
23 company to improve efficiency and to promote the development and deployment  
24 of new and improved services; integrating the separate IP networks of AT&T,



1 BellSouth and Cingular into a single network, which will generate increased  
2 efficiency, higher reliability and reduced costs and allow for faster and more  
3 economical introduction of new services and features for both residential and  
4 business customers; and, as with the SBC/AT&T merger, improving the  
5 economics of research and development by creating a broader, even more diverse  
6 base of customers, both in the enterprise and consumer space to which AT&T will  
7 be able to market the results of R&D—most notably by AT&T Labs.

8 Indeed, many of the network integration benefits that were projected for the  
9 SBC-AT&T merger are already benefiting customers today.<sup>3</sup> These benefits, such  
10 as reduced latency and packet loss, enhanced security and reduced network  
11 congestion, should translate into benefits for customers currently being served by  
12 BellSouth as well. For example, that would mean that a business based in  
13 Arizona with branch offices in the Southeastern United States should realize an  
14 increase in its service quality and reliability for data service. Likewise, a business  
15 based in the Southeastern United States should realize benefits in its data  
16 connection to branch offices in Arizona.

---

<sup>3</sup> For more information regarding the status of AT&T's network integration initiatives from the SBC-AT&T merger, please see the Description of Transaction, Public Interest Showing and Related Demonstration filed by AT&T and BellSouth with the FCC on March 31, 2006; especially the Declaration of Christopher Rice, Executive Vice President, Network Planning and Engineering, AT&T Inc., attached thereto, at paragraphs 4-17.

1 **Q. PLEASE PROVIDE THE COMMISSION AN OVERVIEW OF MERGER**  
2 **APPROVALS IN OTHER STATES AND AT THE FEDERAL LEVEL.**

3 A. AT&T has filed requests for approval in eighteen (18) states. The parties also  
4 have made joint notice filings in an additional fourteen (14) states. As of the  
5 filing date of this testimony, two states where approval was required have already  
6 approved or chosen not to act on the Merger. The FCC and Department of Justice  
7 have established a timeline that would permit a ruling on the Merger, based on the  
8 expiration of the FCC's self-imposed 180-day deadline, by October 16, 2006. We  
9 are hopeful that the FCC and Department of Justice will act before that deadline.  
10 We would ask that this Commission approve the Notice as soon as possible.

11 **Q. MR. MOORE, DO YOU HAVE A RECOMMENDATION FOR THE**  
12 **COMMISSION?**

13 A. Yes. On behalf of the Applicants, we would request that the Commission enter its  
14 Order approving the Notice pursuant to A.A.C. R14-2-803. In order to assist us  
15 in timely securing all necessary state and federal approvals, we also ask that the  
16 Commission place this matter on its July 25, 2006 regularly scheduled Open  
17 Meeting agenda.

18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

19 A. Yes.

20 1360221v5

**EXHIBIT A**

## EXHIBIT A

### NOTICE

#### Cautionary Language Concerning Forward-Looking Statements

**We have included or incorporated by reference in this document financial estimates and other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These estimates and statements are subject to risks and uncertainties, and actual results might differ materially from these estimates and statements. Such estimates and statements include, but are not limited to, statements about the benefits of the merger, including future financial and operating results, the combined company's plans, objectives, expectations and intentions, and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of the management of AT&T Inc. and BellSouth Corporation and are subject to significant risks and uncertainties and outside of our control.**

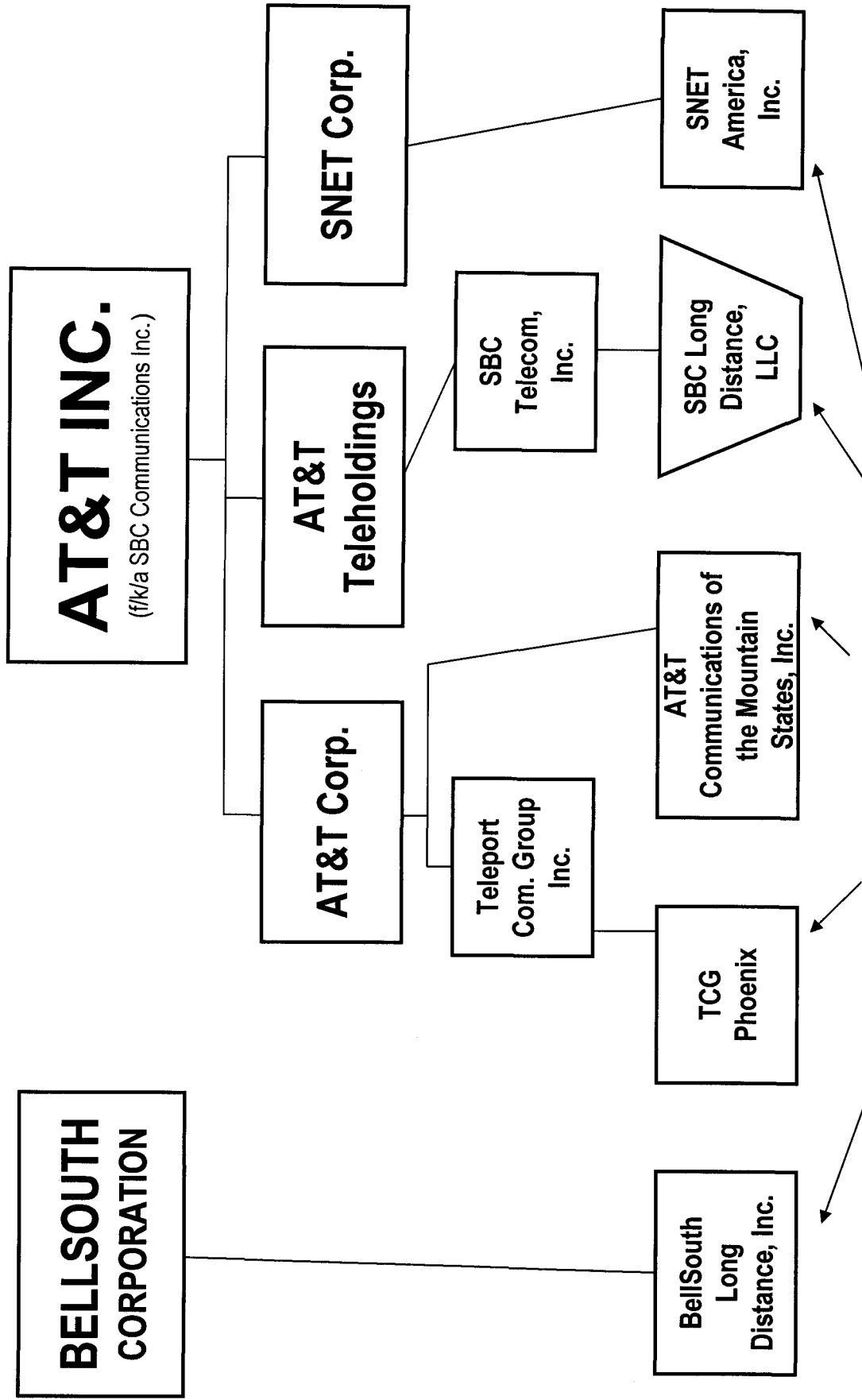
Readers are cautioned that the following important factors, in addition to those discussed in this statement and elsewhere in the proxy statement/prospectus to be filed by AT&T with the SEC, and in the documents incorporated by reference in such proxy statement/prospectus, could affect the future results of AT&T and BellSouth or the prospects for the merger: (1) the ability to obtain governmental approvals of the merger on the proposed terms and schedule; (2) the failure of BellSouth shareholders to approve the merger; (3) the risks that the businesses of AT&T and BellSouth will not be integrated successfully; (4) the risks that the cost savings and any other synergies from the merger may not be fully realized or may take longer to realize than expected; (5) disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers; (6) competition and its effect on pricing, costs, spending, third-party relationships and revenues; (7) the risk that any savings and other synergies relating to the resulting sole ownership of Cingular Wireless LLC may not be fully realized or may take longer to realize than expected (8) final outcomes of various state and federal regulatory proceedings and changes in existing state, federal or foreign laws and regulations and/or enactment of additional regulatory laws and regulations; (9) risks inherent in international operations, including exposure to fluctuations in foreign currency exchange rates and political risk; (10) the impact of new technologies; (11) changes in general economic and market conditions; and (12) changes in the regulatory environment in which AT&T and BellSouth operate. Additional factors that may affect future results are contained in AT&T's, BellSouth's, and Cingular Wireless LLC's filings with the Securities and Exchange Commission ("SEC"), which are available at the SEC's website (<http://www.sec.gov>). Neither AT&T nor BellSouth is under any obligation, and expressly disclaim any obligation, to update, alter or otherwise revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

This document may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the company's website at [www.sbc.com/investor\\_relations](http://www.sbc.com/investor_relations).

The cites to webpages in this document are for information only and are not intended to be active links or to incorporate herein any information on the websites, except the specific information for which the webpages have been cited.

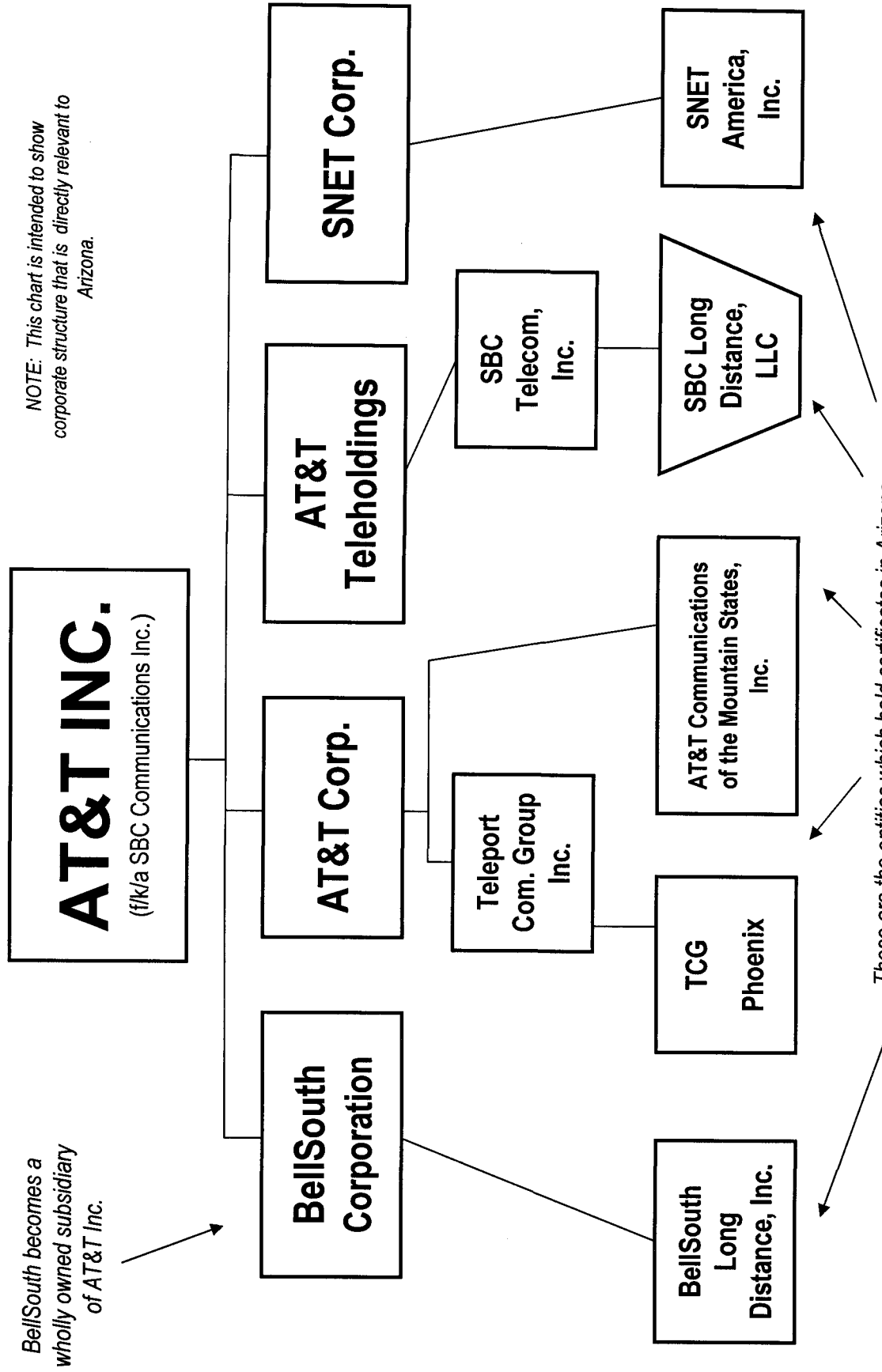
**EXHIBIT B**

# PRE-TRANSACTION CORPORATE STRUCTURE CHART



These are the entities which hold certificates in Arizona. This chart is intended to show corporate structure that is directly relevant to Arizona.

# POST TRANSACTION CORPORATE STRUCTURE CHART



**EXHIBIT C**





Wayne Watts  
Senior Vice President  
and Associate General Counsel  
175 E. Houston St., Room 1230  
San Antonio, TX 78205

T: 210.351.3476  
F: 210.351.3257  
dw4808@att.com

March 29, 2006

**HAND DELIVERED**

Commissioner Jeff Hatch-Miller, Chairman  
Commissioner William A. Mundell  
Commissioner Marc Spitzer  
Commissioner Mike Gleason  
Commissioner Kristin K. Mayes

***Re: Decision No. 68269 and SB 1486***

Dear Commissioners:

As you know in Decision No. 68269, the Decision in which this Commission approved the merger of SBC Communications Inc. and AT&T Corp., we agreed to participate in a binding arbitration program administered by the Commission. The program relates solely to billing and unauthorized charge disputes by AT&T Arizona residential customers who purchase telecommunications services, including wireline, wireless and VOIP telephony services, offered by an AT&T controlled affiliate.

We have recently learned that the Arizona Legislature is considering SB 1486 which, in its present form would require that telecommunications providers consent to arbitration before the Commission has jurisdiction to hear such complaints regardless of prior orders it has entered such as Decision No. 68269. We do not support that legislation. Although we continue to encourage the Arizona Commission to adopt uniform standards that will apply to all providers, AT&T stands by the assurances it gave you in the discussions which lead to the entry of Decision No. 68269. It will continue to do so regardless of whether SB 1486 becomes law. Simply stated "a deal is a deal" and we intend to stand by ours.

We look forward to working with the Commission to assure that all consumers are given the telecommunications service of their choice.

Very truly yours,

Wayne Watts  
Senior Vice President and Associate General Counsel

cc: Ernest Johnson, Director, ACC Utilities Division (hand-delivered)  
Chris Kempley, Chief Counsel, Legal Division (hand-delivered)



**DIRECT TESTIMONY OF JAMES G. HARRALSON**

**Vice President/Associate General Counsel  
BellSouth Corporation**

**May 8, 2006**

1 DIRECT TESTIMONY OF JAMES G. HARRALSON  
2 on Behalf of BellSouth Corporation  
3

4 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

5 A. My name is James G. (Jim) Harralson. My business address is  
6 BellSouth Corporation, Suite 1800, 1155 Peachtree Street, NE,  
7 Atlanta, Georgia, 30309-3610.\*

8 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?**

9 A. I am employed by BellSouth Corporation ("BellSouth") as its Vice  
10 President and Associate General Counsel-Regulatory and State  
11 Operations. In this position, I am responsible for the legal advice  
12 and representation associated with the company's matters pending  
13 before the Federal Communications Commission ("FCC"), state  
14 public service commissions, and local agencies that have  
15 regulatory authority over the company's business. In addition, I  
16 am responsible for the Legal Department's offices in our nine-state  
17 region and our Washington, DC legal office. I report to the  
18 company's General Counsel, and I have held this position since  
19 May, 2000.

20 **Q. WHAT IS YOUR WORK EXPERIENCE AND PROFESSIONAL**  
21 **BACKGROUND?**

22 A. I have been employed by BellSouth Corporation or one of its  
23 subsidiaries since December 1, 1983. I have held a variety of  
24 positions in the Legal Department of BellSouth, and I served as the  
25 company's head of regulatory and external affairs in Kentucky. I  
26 also served as Vice President and General Counsel of BellSouth  
27 Long Distance, Inc. ("BSLD") from 1996 until May, 2000. In that  
28 position, I helped create and obtain initial certifications for BSLD,  
29 which was our affiliate formed in anticipation of the long distance  
30 relief promised by the Telecommunications Act of 1996. I hold a

---

\* See investor disclosure statement attached as Exhibit A.

1 Bachelor of Science in Business and Economics and a law degree,  
2 each from the University of Kentucky.

3 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

4 A. The purpose of my testimony is to provide information concerning  
5 BellSouth and BSLD in relation to the Notice of Intent or,  
6 alternatively, Request for Limited Waiver filed on March 31, 2006  
7 by AT&T (the "Notice").

8 **Q. PLEASE DESCRIBE GENERALLY BELL SOUTH.**

9 A. BellSouth is the leading communications service provider in the  
10 nine southeastern states of Alabama, Florida, Georgia, Kentucky,  
11 Louisiana, Mississippi, North Carolina, South Carolina and  
12 Tennessee ("BellSouth Region"). Our business strategy is to be the  
13 leading choice of customers in those states for a wide array of retail  
14 and wholesale voice, data and internet services. We meet the out-  
15 of-region needs of customers through wholesale and teaming  
16 arrangements.

17 **Q. IS BELL SOUTH FINANCIALLY SOUND?**

18 A. Yes. BellSouth has paid a dividend in every quarter since its  
19 formation and has consistently attracted the capital necessary to  
20 meet the needs of its business activities. BellSouth long-term debt  
21 has an "A2" rating from Moody's and an "A" rating from Standard  
22 & Poor's, which are the same ratings given to the long-term debt  
23 issued by SBC Communications. The Merger will not create a  
24 financial risk for any of the entities providing service in Arizona.

25 **Q. WHAT TELECOMMUNICATIONS SERVICES DOES BSLD**  
26 **PROVIDE IN ARIZONA?**

27 A. BSLD holds a Certificate of Convenience and Necessity to provide  
28 resold interexchange service which was issued by the Commission  
29 in Decision No. 61689 dated May 13, 1999. BSLD only provides  
30 resold long distance service to a small number of customers in  
31 Arizona. During 2005, intrastate Arizona revenues for BSLD were

1 \$176,636. BSLD provided this service by reselling services of  
2 carriers that have facilities in Arizona. As I understand  
3 Commission Rule R14-2-103.A.3.q, BSLD is a Class C utility.  
4 This limited presence in Arizona is similar to our operations in  
5 other states outside the BellSouth Region. It is the result of our  
6 business strategy. As part of that strategy, we wanted our  
7 residential customers that travel to out-of-region locations to have  
8 the ability to make calling card calls. Similarly, we wanted to offer  
9 complementary out-of-region service to business customers that  
10 operate predominantly within our region, but that also have some  
11 out-of-region operations. While we have used various teaming and  
12 wholesale arrangements with other carriers to provide out-of-  
13 region services, we have not had the national network capabilities  
14 or operations integration needed to provide services to customers  
15 with substantial out-of-region needs. Obtaining those capabilities  
16 is an important reason BellSouth has entered into the Merger  
17 agreement with AT&T.

18 **Q. COULD YOU PROVIDE AN EXAMPLE OF SUCH BUSINESS**  
19 **SERVICE ARRANGEMENTS CURRENTLY?**

20 A. Yes. A bank with headquarters and substantial operations in the  
21 BellSouth Region has decided in the recent past to expand its  
22 operations in the Southwest, including Arizona. Because the bank  
23 is a customer in the BellSouth Region, we are familiar with its  
24 communications needs, and should be a competitive choice that  
25 integrates its out-of-region service with its BellSouth Region  
26 service. We are able to meet some customer needs through the  
27 wholesale arrangements we have today. After the Merger, the  
28 integration of our BellSouth Region network and systems with the  
29 national network and systems of AT&T will provide customers such  
30 as the bank with improved competitive choices for its critical data  
31 needs.

1       **Q.       HOW MANY EMPLOYEES DOES BSLD HAVE IN ARIZONA?**

2       A.       BSLD has no employees in Arizona.

3       **Q.       DOES BSLD OWN ANY TELECOMMUNICATIONS FACILITIES IN**  
4       **ARIZONA?**

5       A.       No.

6       **Q.       DOES BSLD OWN ANY ASSETS IN ARIZONA?**

7       A.       No.

8       **Q.       DOES BSLD PROVIDE LOCAL EXCHANGE SERVICE TO ANY**  
9       **ARIZONA CUSTOMERS?**

10      A.       No. As I mentioned, it is only certificated to provide resold long  
11      distance service.

12      **Q.       WILL THE MERGER HARM TELECOMMUNICATIONS**  
13      **COMPETITION IN ARIZONA?**

14      A.       No. Given BSLD's very limited presence and narrow focus in  
15      Arizona, the Merger will have virtually no impact on competition.

16      **Q.       WILL THE MERGER HAVE POSITIVE BENEFITS FOR**  
17      **ARIZONA?**

18      A.       We believe it will. Even though BellSouth has a very limited  
19      presence here, we believe it will have positive benefits. Arizona,  
20      like the rest of the country, will benefit by the presence of a strong,  
21      innovative, and integrated AT&T. As Mr. Moore discusses in his  
22      testimony, BellSouth brings its financial strength and nine-state  
23      network, mass market and business customer base to the Merger  
24      with AT&T. The merged company will be better positioned to  
25      provide more reliable and higher quality competitive service to all  
26      customers through the integration of the networks of legacy SBC,  
27      legacy AT&T, Cingular and BellSouth. The presence of an even  
28      stronger competitor will provide public interest benefits to all  
29      Americans, including Arizonans.

1       **Q.       DO YOU HAVE A RECOMMENDATION?**

2       A.       Yes. I recommend the Commission act as quickly as possible to  
3       approve the Notice.

4       **Q.       DOES THIS CONCLUDE YOUR TESTIMONY?**

5       A.       Yes.

6  
7       17840-3/1360974v5

8



**EXHIBIT A**

## EXHIBIT A

### NOTICE

#### Cautionary Language Concerning Forward-Looking Statements

**We have included or incorporated by reference in this document financial estimates and other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These estimates and statements are subject to risks and uncertainties, and actual results might differ materially from these estimates and statements. Such estimates and statements include, but are not limited to, statements about the benefits of the merger, including future financial and operating results, the combined company's plans, objectives, expectations and intentions, and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of the management of AT&T Inc. and BellSouth Corporation and are subject to significant risks and uncertainties and outside of our control.**

Readers are cautioned that the following important factors, in addition to those discussed in this statement and elsewhere in the proxy statement/prospectus to be filed by AT&T with the SEC, and in the documents incorporated by reference in such proxy statement/prospectus, could affect the future results of AT&T and BellSouth or the prospects for the merger: (1) the ability to obtain governmental approvals of the merger on the proposed terms and schedule; (2) the failure of BellSouth shareholders to approve the merger; (3) the risks that the businesses of AT&T and BellSouth will not be integrated successfully; (4) the risks that the cost savings and any other synergies from the merger may not be fully realized or may take longer to realize than expected; (5) disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers; (6) competition and its effect on pricing, costs, spending, third-party relationships and revenues; (7) the risk that any savings and other synergies relating to the resulting sole ownership of Cingular Wireless LLC may not be fully realized or may take longer to realize than expected (8) final outcomes of various state and federal regulatory proceedings and changes in existing state, federal or foreign laws and regulations and/or enactment of additional regulatory laws and regulations; (9) risks inherent in international operations, including exposure to fluctuations in foreign currency exchange rates and political risk; (10) the impact of new technologies; (11) changes in general economic and market conditions; and (12) changes in the regulatory environment in which AT&T and BellSouth operate. Additional factors that may affect future results are contained in AT&T's, BellSouth's, and Cingular Wireless LLC's filings with the Securities and Exchange Commission ("SEC"), which are available at the SEC's website (<http://www.sec.gov>). Neither AT&T nor BellSouth is under any obligation, and expressly disclaim any obligation, to update, alter or otherwise revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

This document may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the company's website at [www.sbc.com/investor\\_relations](http://www.sbc.com/investor_relations).

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